

**University of South Florida
Foundation, Inc.
(A Component Unit of the
University of South Florida)**

Financial Report
Year Ended June 30, 2026

Contents

Independent auditor's report	1-3
Management's discussion and analysis (unaudited)	4-8
Financial statements	
Statements of net position	9-10
Statements of revenues, expenses and changes in net position	11
Statements of cash flows	12-13
Statements of fiduciary net position	14
Statements of changes in fiduciary net position	15
Notes to financial statements	16-41
Supplementary information	
Schedules of functional expenses	42-43
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	44-45

Independent Auditor's Report

Board of Directors and Management
University of South Florida Foundation, Inc.

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the business-type activities and fiduciary activities of the University of South Florida Foundation, Inc. (Foundation), a component unit of the University of South Florida, as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the Foundation, as of June 30, 2026 and 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules of functional expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2026, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

RSM US LLP

Tampa, Florida
October 13, 2026

**University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)**

Management's Discussion and Analysis (Unaudited)

Management's discussion and analysis (MD&A) provides an objective and readable analysis of the financial position and activities of the University of South Florida Foundation, Inc., including its blended component unit, the USF Real Estate Foundation, LLC (the Foundation), as of and for the years ended June 30, 2026 and 2025, with comparative information for the year ended June 30, 2024. This discussion should be read in conjunction with the accompanying financial statements and notes to financial statements, which are the responsibility of Foundation management.

The Foundation adopted the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), as discussed in Note 1. As a result of the adoption of GASB 103, the condensed summary of the Foundation's changes in revenues, expenses and net position for the fiscal years ended June 30, 2026, 2025 and 2024, are presented to conform with the requirements of GASB 103.

Overview of the Financial Statements

The Foundation is a direct support organization and component unit of the University of South Florida (the University or USF). The Foundation solicits, receives, holds, invests and administers charitable contributions for the benefit of the University and accounts for its transactions in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB).

The Foundation's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The statements include the Foundation's business-type activities and fiduciary activities.

The statements of net position present the Foundation's assets, liabilities, deferred inflows of resources and net position. Net position is one indicator of the Foundation's financial condition when considered together with other financial and nonfinancial information.

The statements of revenues, expenses and changes in net position present operating revenues and expenses, noncapital subsidies and other nonoperating revenues and expenses. The statements of cash flows present the sources and uses of cash and cash equivalents during the year. The fiduciary fund financial statements include investments held by the Foundation on behalf of other direct support organizations of the University. These funds represent trust responsibilities of the Foundation and are restricted in purpose; therefore, they do not represent discretionary assets of the Foundation and are not presented as part of the Foundation's business-type activities.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Management's Discussion and Analysis (Unaudited)

Financial Summary

The following schedule presents a condensed summary of the Foundation's statements of net position as of June 30, 2026, 2025, and 2024:

	2026	2025	2024
Assets:			
Current and other assets	\$1,116,041,165	\$ 999,364,741	\$ 902,294,093
Capital assets, net	17,949,478	18,382,074	18,047,203
Total assets	1,133,990,643	1,017,746,815	920,341,296
Liabilities:			
Current liabilities	6,945,771	6,715,761	8,229,934
Noncurrent liabilities	3,498,227	3,941,964	4,334,830
Total liabilities	10,443,998	10,657,725	12,564,764
Deferred inflows of resources:			
Leases, remainder and beneficial interests	39,106,886	29,990,242	28,341,382
Net position:			
Net investment in capital assets	15,145,397	14,781,047	14,220,766
Restricted	1,038,849,154	933,895,860	837,292,573
Unrestricted	30,445,208	28,421,941	27,921,811
Total net position	\$1,084,439,759	\$ 977,098,848	\$ 879,435,150

A condensed summary of the Foundation's changes in revenues, expenses and net position for the fiscal years ended June 30, 2026, 2025 and 2024, is as follows:

	2026	2025	2024
Operating revenues	\$ 74,547,179	\$ 91,950,098	\$ 84,691,778
Operating expenses	106,360,128	100,884,933	117,481,305
Operating loss	(31,812,949)	(8,934,835)	(32,789,527)
Noncapital subsidies	25,862,614	24,776,674	22,621,721
Operating loss and noncapital subsidies	(5,950,335)	15,841,839	(10,167,806)
Other nonoperating revenues	113,291,246	81,821,859	91,374,963
Change in net position	107,340,911	97,663,698	81,207,157
Net position, beginning of the year	977,098,848	879,435,150	798,227,993
Net position, end of the year	\$1,084,439,759	\$ 977,098,848	\$ 879,435,150

Detailed Analysis

The Statements of Net Position

Assets

As of June 30, 2026, noncapital assets represented \$1.1 billion of total assets and consisted primarily of current investments, long-term investments related to the endowment, contributions, leases and other receivables, beneficial interests in irrevocable split-interest agreements and amounts due from the University. Noncapital assets increased by \$116.7 million during fiscal year 2026, mainly due to investment gains. Noncapital assets increased by \$97.1 million in fiscal year 2025. The increase is primarily attributed to a rise in short-term investments as compared to fiscal year 2024.

**University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)**

Management's Discussion and Analysis (Unaudited)

The endowment pool net total return was a gain of 14.8% as of June 30, 2026, compared to a gain of 11.5% as of June 30, 2025, and a gain of 14.0% as of June 30, 2024. Investment returns fluctuate from year to year based on financial market conditions and the Foundation's asset allocation strategy.

Liabilities

As of June 30, 2026, current liabilities totaled \$6.9 million, and consisted of amounts payable to the University and vendors, the current portions of mortgage, lease and subscription liabilities and amounts held for third-party beneficiaries and trust and life income beneficiaries. Current liabilities increased from fiscal year 2025, primarily because of the addition of a new subscription liability contract and new life beneficiary obligations added in 2026. In contrast, fiscal year 2025 liabilities were lower than in fiscal year 2024, largely driven by pending transfers to support the construction of an academic facility.

Deferred Inflows of Resources

Deferred inflows of resources represent a future impact on net position. The Foundation classifies changes in leases receivable and irrevocable split-interest agreements as deferred inflows of resources. Changes in deferred inflows of resources are attributable to changes in liabilities due to trust and life income beneficiaries, new split-interest agreements, maturities and payments made on leases during the year.

Net Position

During fiscal year 2026, the Foundation's net position increased by \$107.3 million, compared to an increase of \$97.7 million during fiscal year 2025 in comparison to fiscal year 2024. The increases in 2026 and 2025 were primarily attributable to investment gains in the Foundation's investment portfolios and continued contributions to current use and endowed gift funds.

Change in contributions for current use and endowed funds was a decrease of \$12.9 million and an increase of \$10.4 million as of June 30, 2026 and 2025, respectively. While the investment returns are a function of the financial markets and asset allocation strategy, the Foundation expects fluctuations in contribution revenue, for both current use and endowment funds and investment results from year to year. The Foundation manages the endowment portfolio with a long-term philosophy of capital appreciation. Significant contributions, including bequests, are periodically received from donors as a result of relationships cultivated over many years. The timing of these contributions is not entirely predictable, and often will correlate with a fundraising initiative or campaign.

Net position is reported in three classifications: net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding borrowings associated with those assets. Restricted net position consists of expendable resources that are subject to donor restrictions and nonexpendable resources that represent permanent endowments to be held in perpetuity.

As of June 30, 2026, noncapital assets totaled \$1.1 billion, and consisted primarily of current and long-term investments, contributions receivable, leases and other receivables, beneficial interests in irrevocable split-interest agreements and amounts due from the University. Noncapital assets increased by \$116.7 million during fiscal year 2026, primarily due to strong investment performance and growth in the Foundation's investment portfolio. In fiscal year 2025, noncapital assets increased by \$97.1 million, driven mainly by higher short-term investment balances resulting from favorable cash flows and investment activity.

**University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)**

Management's Discussion and Analysis (Unaudited)

The Statements of Revenues, Expenses and Changes in Net Position Revenues

Operating Revenues

Total net operating revenues for fiscal year 2026 were \$74.5 million and included expendable and nonexpendable charitable gifts and contributions and other income from fundraising activities. Total net operating revenues were \$91.9 million in fiscal year 2025, a increase of \$7.2 million from fiscal year 2024 due to certain large contributions received in fiscal year 2025.

The Foundation places a high priority on increasing gifts to and returns on the endowment. Endowed gifts received during fiscal year 2026 were higher than fiscal year 2025, while endowed gifts received during fiscal year 2025 were lower than fiscal year 2024. The timing of endowed gifts may vary significantly from year to year based on donor activity, campaign priorities, and estate-related gifts.

Operating Expenses

Operating expenses consist primarily of program service expenses made to or on behalf of the University from expendable contributions and accumulated endowment dividend distributions. Operating expenses were higher in fiscal year 2026, compared to fiscal years 2025 and 2024, primarily due to increased staffing and compensation costs, primarily related to program support.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses, including noncapital subsidies, were \$139.1 million for fiscal year 2026 and \$106.6 million for fiscal year 2025. These revenues consist of in-kind support for salaries of University employees dedicated to advancement efforts on behalf of the Foundation. The corresponding expenses are included in operating expenses. Fiscal year 2026 support increased compared to 2025 and 2024 due to funding received for additional positions.

Nonoperating revenues and expenses also includes investment gains generated from the Foundation's endowment and operating investment portfolios. Investment gains were \$113.4 million in fiscal year 2026, an increase of \$31.5 million compared to fiscal year 2025. Investment gains were \$91.4 million in 2024. The change in investment gains reflects changes in market performance within the Foundation's diversified investment portfolios.

Significant Capital Asset and Long-Term Financial Activity

The Foundation had \$17.9 million of capital assets and works of art included in noncurrent assets as of June 30, 2026, compared to \$18.4 million as of June 30, 2025. Capital asset balances are reported net of accumulated depreciation of \$4.5 million and \$3.6 million, respectively.

At June 30, 2026, capital assets and works of art consisted of 36.9% land totaling \$6.6 million, 19.6% buildings and equipment totaling \$3.5 million, 6.2% right-to-use leased assets and subscription-based information technology assets totaling \$1.1 million and 37.3% works of art totaling \$6.7 million.

The capital assets and works of art balances at June 30, 2025, is comprised of 36.0% land totaling \$6.6 million, 19.7% buildings and equipment of \$3.6 million, 8.3% right-to-use leased asset and subscription-based information technology assets of \$1.6 million and 36.0% works of art totaling \$6.6 million.

There were no significant additions, disposals, or other changes to capital assets during the fiscal year. Accordingly, the Foundation's capital asset balances remained substantially consistent with the prior year.

**University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)**

Management's Discussion and Analysis (Unaudited)

At June 30, 2026, the Foundation had \$1.8 million in debt outstanding, compared to \$2.3 million at June 30, 2025, and \$2.7 million at June 30, 2024. The Foundation did not enter into any new debt agreements or incur any additional debt obligations during the fiscal year. The decreases were due to scheduled principal payments on the Foundation's mortgage. Additional information on the Foundation's long-term debt obligations is included in Note 9 to the financial statements.

Currently Known Facts, Decisions, or Conditions

Currently known facts, decisions, or conditions that may significantly affect future periods include the overall economy, tax law changes, financial market performance and donor giving trends. These factors may affect charitable giving, the value of investments, contributions receivable and the Foundation's ability to support University programs through annual contributions and endowment distributions.

Charitable support remains an important resource to the University, and directly supports the enhancement of University programs through annual contributions and endowments. In future periods, growth in the endowment from new gifts and investment returns is expected to increase funds available from endowment payout for the benefit of the University. The University also has significant facility enhancement projects underway in academic areas, athletics and USF Health; therefore, the Foundation expects continued expendable gifts to support these initiatives.

Endowment pledges totaling approximately \$15.2 million and \$18.8 million as of June 30, 2026 and 2025, respectively, have not been recorded in the financial statements, as these commitments will be recognized when the resources are received and all eligibility requirements have been met.

The Foundation participates in the State of Florida Major Gifts Challenge Grant Program (the Program). The Program has been temporarily suspended for donations received on or after June 30, 2011. Existing eligible donations received on or before June 29, 2011, remain eligible for future matching funds when appropriated by the state of Florida. As of June 30, 2026, the Foundation submitted matching requests, totaling \$25.71 million, to the state of Florida. The program may be restarted by the state after \$200 million of the backlog for the state match programs has been funded. When received, state matching grants will benefit the endowment. Therefore, \$25.71 million has not been recorded in the statement of net position.

Management is not aware of any other currently known facts, decisions, or conditions within management's control that are expected to have a significant impact on future financial position or results of operations.

Requests for Information

Questions concerning information provided in the MD&A or other required supplemental information and financial statements and notes thereto, or requests for additional financial information should be addressed to: Chief Financial Officer, University of South Florida Foundation, Inc., 4202 East Fowler Avenue, ALC100, Tampa, Florida 33620 or by calling (813) 974-1801.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Statements of Net Position
June 30, 2026 and 2025

	2026	2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,079,742	\$ 1,906,402
Investments	153,209,101	122,197,274
Contributions receivable, net	22,343,054	31,941,666
Lease and other receivables, net	1,051,844	650,947
Due from the University of South Florida	2,350,466	1,467,888
Total current assets	180,034,207	158,164,177
Noncurrent assets:		
Investments	846,221,702	759,830,186
Contributions receivable, net	53,487,761	52,904,043
Beneficial interest assets	33,511,629	24,956,770
Lease and other receivables, net	2,350,867	2,809,565
Due from the University of South Florida	435,000	700,000
Land	6,620,414	6,620,414
Buildings, equipment and other, net	4,615,685	5,147,737
Works of art	6,713,378	6,613,923
Total noncurrent assets	953,956,436	859,582,638
Total assets	1,133,990,643	1,017,746,815
Liabilities		
Current liabilities:		
Accounts payable	1,955,713	2,561,133
Due to the University of South Florida	3,356,613	2,823,166
Lease liability	392,975	352,804
Subscription liability	409,984	298,904
Mortgage payable	458,122	446,266
Life beneficiaries obligations	372,364	233,488
Total current liabilities	6,945,771	6,715,761
Noncurrent liabilities:		
Mortgage payable, net of current portion	1,364,514	1,822,636
Due to the University of South Florida, net of current portion	314,685	314,685
Lease liability, net of current portion	37,970	425,030
Subscription liability, net of current portion	140,515	255,387
Life beneficiaries obligations, net of current portion	1,640,543	1,124,226
Total noncurrent liabilities	3,498,227	3,941,964
Total liabilities	10,443,998	10,657,725

(Continued)

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Statements of Net Position (Continued)
June 30, 2026 and 2025

	2026	2025
Deferred inflows of resources:		
Deferred inflows from remainder interest assets	\$ 2,785,693	\$ 1,777,081
Deferred inflows from beneficial interest assets	33,511,629	24,956,770
Deferred inflows from leases	2,809,564	3,256,391
Total deferred inflows	39,106,886	29,990,242
Net position:		
Net investment in capital assets	15,145,397	14,781,047
Restricted		
Expendable:		
Endowment appreciation and accumulated earnings	413,304,563	344,987,723
Donor restricted gift funds	167,449,308	149,978,978
Nonexpendable endowments	458,095,283	438,929,159
Unrestricted	30,445,208	28,421,941
Total net position	\$ 1,084,439,759	\$ 977,098,848

See notes to financial statements.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2026 and 2025

	2026	2025
Operating revenues:		
Contributions, net	\$ 54,914,486	\$ 73,650,321
Contributions to permanent endowments	17,693,219	16,236,771
Fundraising activities and other income	1,939,474	2,063,006
Total operating revenues	74,547,179	91,950,098
Operating expenses:		
Program service support	74,207,158	70,323,181
Fundraising support	17,416,304	17,229,948
Operating costs	14,736,666	13,331,804
Total operating expenses	106,360,128	100,884,933
Operating loss	(31,812,949)	(8,934,835)
Noncapital subsidies:		
University subsidies	25,862,614	24,776,674
Total noncapital subsidies	25,862,614	24,776,674
Operating loss and noncapital subsidies	(5,950,335)	15,841,839
Other nonoperating revenues (expenses):		
Interest earnings	20,146,820	16,159,954
Net investment gain	93,257,909	65,744,648
Interest expense	(113,483)	(82,743)
Total other nonoperating revenues	113,291,246	81,821,859
Change in net position	107,340,911	97,663,698
Net position, beginning of year	977,098,848	879,435,150
Net position, end of year	\$ 1,084,439,759	\$ 977,098,848

See notes to financial statements.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	2026	2025
Cash flows from operating activities:		
Receipts from contributions	\$ 69,494,556	\$ 62,134,116
Receipts from fundraising activities and other sources	2,384,386	2,862,089
Payments for University program support	(46,782,046)	(44,288,818)
Payments for fundraising support	(1,904,596)	(2,624,932)
Payments for management and operating activities	(2,885,107)	(2,050,891)
Payments to the University and DSOs for salaries and benefits	(35,138,798)	(29,895,764)
Net cash flows used in operating activities	(14,831,605)	(13,864,200)
Cash flows from investing activities:		
Purchases of investments	(419,808,904)	(469,682,647)
Proceeds from sales and maturities of investments	397,252,812	451,596,030
Receipts from investment income, net	20,146,820	16,146,886
Net cash flows used in investing activities	(2,409,272)	(1,939,731)
Cash flows from capital and related financing activities:		
Proceeds of sales of contributed land held for resale	-	923,644
Interest paid on lease	(59,268)	(16,978)
Principal paid on lease	(346,889)	(372,289)
Principal paid on mortgage	(446,266)	(434,716)
Interest paid on mortgage	(54,215)	(65,765)
Net cash flows (used in) provided by capital and related financing activities	(906,638)	33,896
Cash flows from noncapital financing activities:		
Endowment contributions received for other than capital purposes	17,693,219	16,236,771
Beneficiary payments	(372,364)	(233,488)
Net cash flows provided by noncapital financing activities	17,320,855	16,003,283
Change in cash and cash equivalents	(826,660)	233,248
Cash and cash equivalents:		
Beginning of year	1,906,402	1,673,154
End of year	\$ 1,079,742	\$ 1,906,402
Supplemental disclosure of noncash related investing activities:		
Unrealized gain (loss) on investments	\$ 49,665,153	\$ (8,097,733)
Noncash noncapital financing activity, subsidy from the University	\$ 25,862,614	\$ 24,776,674

(Continued)

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Statement of Cash Flows (Continued)
Years Ended June 30, 2026 and 2025

	2026	2025
Reconciliation of operating loss to net cash flows used in operating activities:		
Operating loss	\$ (31,812,949)	\$ (8,934,835)
Adjustments to reconcile operating loss to net cash flows used in operating activities:		
Change in the provision for losses and discounts on contributions receivable	(4,767,889)	(1,315,715)
Depreciation	118,799	118,799
Noncash support from University	25,862,614	24,776,674
Endowment contributions received for other than capital purposes	(17,693,219)	(16,236,771)
Gift of books and art objects	(99,455)	(195,825)
Real estate held for sale	-	326,356
Other income	-	13,068
Changes in operating assets and liabilities:		
Contributions receivable	13,782,783	(11,273,472)
Lease and other receivables	444,911	799,084
Due from the University of South Florida	(617,578)	(196,572)
Accounts payable and accrued expenses	(605,419)	(1,197,927)
Subscription-based information technology arrangements	22,349	(63,361)
Amounts due to third-party beneficiaries	-	(79,412)
Due to the University of South Florida	533,448	(404,291)
Net cash flows used in operating activities	\$ (14,831,605)	\$ (13,864,200)

See notes to financial statements.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Statements of Fiduciary Net Position
June 30, 2026 and 2025

	Custodial Funds	
	External Investment Pool Funds	
	2026	2025
Assets		
Cash and cash equivalents	\$ 6,116	\$ 18,209
Short-term investments	842,957	1,189,319
Long-term investments	42,073,438	42,988,348
Total assets	42,922,511	44,195,876
Liabilities		
Life beneficiaries obligations	40,457	42,409
Total liabilities	40,457	42,409
Deferred inflows of resources:		
Deferred inflows from remainder interest assets	30,185	27,333
Total deferred inflows	30,185	27,333
Net position:		
Net position restricted for USF Research Foundation	29,838,462	32,009,753
Net position restricted for the USF Alumni Association	13,013,407	12,116,381
Total net position	\$ 42,851,869	\$ 44,126,134

See notes to financial statements.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Statements of Changes in Fiduciary Net Position
June 30, 2026 and 2025

	Custodial Funds	
	External Investment Pool Funds	
	2026	2025
Additions:		
Interest earnings	\$ 332,140	\$ 420,251
Net change in the fair value of investments	4,967,142	4,113,917
USF Alumni Association program revenue	2,746,290	2,711,441
Total additions	8,045,572	7,245,609
Deductions:		
Administrative fees	752,111	833,619
USF Alumni Association program expenses	3,067,726	2,320,330
USF Research Foundation distribution	5,500,000	8,500,000
Total deductions	9,319,837	11,653,949
Net decrease in fiduciary net position	(1,274,265)	(4,408,340)
Beginning fiduciary net position	44,126,134	48,534,474
Ending fiduciary net position	\$ 42,851,869	\$ 44,126,134

See notes to financial statements.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization: The University of South Florida Foundation, Inc. (the Foundation) is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC), and is exempt from federal and state income tax pursuant to Section 501(a) of the IRC, except for income from activities unrelated to its principal function. Formed in 1969, the Foundation operates as a Direct Support Organization (DSO) for the University of South Florida (the University or USF) as provided for in Section 1004.28 of the Florida Statutes, and serves as the official legal conduit for the solicitation, acceptance, investment and administration of charitable contributions in support of the activities and programs of the University, which includes the colleges, campuses, health, athletics and other appropriate University related units. The Foundation is governed by a Board of Directors consisting primarily of appointed volunteer members, some of whom are significant donors to the Foundation. The Board also includes ex-officio University staff. The University Board of Trustees is required to approve all elected board members of the Foundation.

Reporting entity: In defining the Foundation for financial reporting purposes, management has applied the requirements of Governmental Accounting Standards Board (GASB) Codification Section 2100 Defining the Financial Reporting Entity. This guidance establishes the standards for defining and reporting on the financial reporting entity, and whether it is considered a component unit of another entity. The Foundation would be a component unit of another entity if it is financially accountable to that unit. Financial accountability occurs when an entity appoints a voting majority of the board of the potential component unit and: (1) is able to impose its will on the potential component unit, and/or (2) is in a relationship of financial benefit or burden with the potential component unit. An entity would also be considered financially accountable if the potential component unit is fiscally dependent and there is a financial benefit or burden relationship, regardless of whether the entity appoints the voting majority of the potential component unit's board. The Foundation is a direct support organization of the University and has met all of the financial accountability criteria necessary to be considered a component unit of the University.

Blended component unit: The Foundation formed the USF Real Estate Foundation, L.L.C. (the LLC) to hold contributed real estate. The Foundation is the sole member and manager of the LLC. Further, the Foundation is able to impose its will on the LLC by influencing its activities and is legally entitled to or can otherwise access the LLC's resources. Because the Foundation is financially accountable for the LLC, the LLC is considered a component unit of the Foundation. As the LLC is organized as a not-for-profit for which the Foundation is the sole member, its activities are combined into the total of the Foundation. The LLC is a single member limited liability corporation and is structured as a disregarded entity for U.S. federal, state and local income tax purposes. Accordingly, no provision for income taxes is made in the financial statements. There has been no activity in the LLC as of June 30, 2026 and 2025, and there are no assets, liabilities, deferred inflows or net position in the LLC as of June 30, 2026 and 2025.

A summary of the Foundation's significant accounting policies follows:

Basis of accounting: The accompanying financial statements have been prepared using accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by GASB. The statements are prepared using the economic resources measurement focus and the accrual basis of accounting. To help ensure observance of limitations and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. For reporting purposes, these funds are combined into one column as a business-type activity as defined by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

**University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

The Foundation's financial statements are presented in the form of an enterprise fund and fiduciary custodial funds.

Custodial funds are used to account for assets held by or as an agent for the benefit of other organizations outside the reporting entity. Custodial funds are custodial in nature. They follow the economic resources measurement focus and the accrual basis of accounting. In accordance with the provisions of GASB Statement No. 84, *Fiduciary Activities*, the assets and liabilities for custodial funds are presented on the statements of fiduciary net position and additions and deductions on the statements of changes in fiduciary net position.

Custodial funds include the USF Alumni Association and the USF Research Foundation. The USF Alumni Association is a component unit of the University and a legally separate 501(c)(3) entity organized to support various USF activities primarily for USF alumni. The USF Alumni Association had designated a portion of their total investment to function as an endowment. The Foundation, as the financial fiduciary for these funds, removes the Alumni Association's equity interest in Foundation assets and reports the Alumni Association's cash and investments on the fiduciary fund statements of net position.

The USF Research Foundation is a component unit of the University and a legally separate 501(c)(3) entity organized to promote, encourage and enhance the research activities at the University. The USF Research Foundation Board has designated a portion of their total investment to function as an endowment. The Foundation, as the financial fiduciary for these funds, removes the Research Foundation's equity interest in Foundation assets and reports the Research Foundation's cash and investments on the fiduciary fund statements of net position.

Basis of presentation: As a discrete component unit of the University, the Foundation prepares its financial statements according to the provisions of the GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statement No. 103, *Financial Reporting Model Improvements*. These statements establish accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended.

These standards require public institutions to present management's discussion and analysis (MD&A), basic financial statements, notes to the financial statements and require supplementary information other than MD&A.

The net position of the Foundation is reported in three categories as follows:

Net investment in capital assets—Represents funds that consist of capital assets, including right to use assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to and expended on the acquisition, construction or improvement of those assets net of any related unspent debt proceeds.

Restricted: Includes *Expendable funds* and *Nonexpendable endowments*.

- Expendable
 - Endowment appreciation and accumulated earnings is comprised of net accumulated appreciation on endowments and net accumulated endowment spending allocations.

**University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

- Restricted donor gift fund represents funds that are subject to external donor or grantor restrictions to benefit various programs at the University and that can be fulfilled by the actions of the Foundation pursuant to the restriction or that expire by the passage of time.
- Nonexpendable Endowments—Represents the nonexpendable portion (corpus) of endowment funds that are subject to donor or grantor restrictions for the benefit of various programs at the University. These programs include student scholarships, endowed chairs, professorships, facility improvements and research funding. The corpus of the permanent endowments are retained and reported in nonexpendable endowments, while the net earnings or losses on endowment funds are included in expendable funds available for expenditure.

Unrestricted: Represents funds that are not subject to external restrictions, and are available for carrying out the Foundation's objectives.

As a general practice, the Foundation applies restricted resources when an expense relating to the purpose restriction imposed by the outside party is incurred before unrestricted resources are used.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows of resources and disclosure of contingent assets, liabilities and deferred inflows of resources at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of current and noncurrent assets and liabilities: The Foundation considers assets to be current that can reasonably be expected, as part of normal business operations, to be converted to cash and be available for liquidation within 12 months of the statements of net position date. The Foundation considers liabilities to be current that reasonably can be expected, as part of normal business operations, to be due and payable within 12 months of the statements of net position date. All other assets and liabilities are considered to be noncurrent.

Operating and nonoperating activities: Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the University's programs. Operating activities relate to the Foundation's principal function, which is to solicit, receive, hold and administer charitable contributions for the benefit of the University. Nonoperating revenues include certain subsidies, investment-related earnings and interest expense. The Foundation classifies operating and nonoperating revenues and expenses in accordance with the requirements of GASB Statement No. 103, *Financial Reporting Model Improvements*.

Income taxes: The Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC as an organization described in Section 501(c)(3). However, the Foundation is subject to income tax on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purpose for which it is granted exemption. The Foundation is classified as an organization operated for the benefit of a college or university owned or operated by a governmental unit described in Section 170(b)(1)(A)(iv). The Foundation has no unrelated business income tax expense for the years ended June 30, 2026 and 2025, respectively.

Cash and cash equivalents: The Foundation considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents, except for balances included in the pooled investments.

**University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Investments: The Foundation has created two pools for the investment of funds. The endowment pool employs a long-term investment strategy ideal for the perpetual nature of endowments. The operating pool was created to provide liquidity and be a source of funds to meet planned or anticipated expenses for current operations. Investments are carried at fair value based on published quotations from the national exchanges or over-the-counter market, or by utilizing net asset value as a practical expedient.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of gift. Except for investments that are not readily marketable or are held separately for specific reasons, all gifts of investments are liquidated and invested in accordance with the donor's intent.

Gifts that are invested in the endowment pool are assigned units of participation in the pool based upon their market value on the date of gift and the most recently determined unit market value for the existing units of participation. Subsequent allocations of annual income of the endowment pool are based upon the number of units of participation. Distributions are based upon the spending policy approved by the Foundation Board of Directors, and follow the total return concept of utilizing both income and realized and unrealized gains. The market value of the units of participation is calculated monthly.

Investment earnings (losses) (including interest and dividends and realized and unrealized gains and losses, net of expenses) is reflected in the accompanying statements of revenues, expenses and changes in net position within net investment gain. Purchases and sales of investments are recorded on a trade-date basis. The cost of investments sold is determined using the specific-identification method.

Charitable gift annuity assets (beneficial interest assets) are invested and recorded at fair value. In accordance with Section 627.481 of the Florida Statutes, the charitable gift annuity reserve fund must maintain assets at least equal to the liability on its outstanding annuity agreements, plus 10%. Investment of the gift annuity reserve fund is limited to no more than 50% equities and no more than 10% may be invested in any one stock or fund.

Investments classified as noncurrent represent the corpus and accumulated gains of donor restricted contributions and investments not expected to be used during the Foundation's next fiscal year.

The Foundation's investment policy allows for investments in domestic equities, international equities, fixed income, real assets and alternatives. For equity investments, the investment policy requires that the investments be diversified by sector and industry and proportionally allocated to small- and large-capitalization stocks. International equity investments are to be diversified by country exposure, covering both developed and emerging markets. For fixed income instruments, the Foundation's investment policy allows for investments to be broadly diversified by issuer, sector, quality and maturity. For alternative instruments, the Foundation's investment policy allows for private equity, absolute return (hedge funds), real assets and commodities.

The Foundation provides investment management of funds to the University, its DSOs and component units to provide benefits from economies of scale, active professional oversight and broad diversification over many asset classes. Organizations participating in this program may be invested in the Foundation's operating and/or endowment investment pools.

**University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Fair value measurements: The Foundation categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial asset.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly.

Level 3: Inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be developed based on the best information available in the circumstances.

The following valuation techniques and inputs were used to estimate the fair value of assets and liabilities carried at fair value on the statements of net position. There have been no changes to these techniques and inputs during the years ended June 30, 2026 and 2025.

Money market funds: The fair value of these short-term investments is classified as Level 1 based on quoted prices in an active market.

Fixed income: Included in the Level 1 category are fixed income investments. Level 1 fixed income investments consist of mutual funds invested in corporate and government bonds valued on quoted prices in an active market. Other fixed income investments consist of corporate, government and mortgage bonds structured as a commingled fund. The fair value has been estimated using the net asset value (NAV) per share of the fund at year-end based on the current market value of each investment and reinvested investment income as a practical expedient. NAV is excluded from the valuation hierarchy.

Stock investments: Included in both the Level 1 category are domestic and real estate equities. Level 1 stock investments are valued at quoted prices in an active market. Other stock investments are structured as commingled funds, and fair value has been estimated using NAV per share of the fund at year-end as a practical expedient. NAV is excluded from the valuation hierarchy. Their fair value is based on observable inputs, which include market prices for similar assets in the active market.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Partnership investments: Included within endowment pooled investments in the accompanying statements of net position are a high yield bond fund, funds of funds, investments in private equity companies and partnerships that do not have readily determinable values. The fair value of the Foundation's interest in these limited partnerships is based on capital account balances reported by the underlying partnerships, which is subject to management review and adjustment. This fair value is determined using NAV per percentage of ownership. Investments valued at NAV as a practical expedient are excluded from the valuation hierarchy. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

Beneficial interests in irrevocable split-interest agreements: Beneficial interests are included in the Level 3 category, and are made up of beneficial interests in perpetual trusts and charitable remainder trusts. The Foundation determines the value of these assets as measured by the fair value of the assets contributed to the trusts. For charitable remainder trusts, the income approach is utilized, and the trust assets are discounted to present value using the Internal Revenue Service (IRS) discount rate. The Foundation has assessed the interest rate used and no additional risk premium is added to this rate. This fair valuation is performed on an annual basis.

Contributions receivable: Contributions receivable represent written unconditional promises to give by donors. Contributions receivable are recognized as contribution revenue in the period promised as long as they are verifiable, measurable, probable of collection, and they meet all the eligibility requirements specified by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Endowment gifts are recognized as contributions to permanent endowment funds once time eligibility requirements are met, which occurs at the time payment is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value, which approximates fair value at the date of the promise. Contributions receivable that are expected to be collected in future years are reported at fair value determined using the discounted present value of expected cash flows. The discount rate applied to the risk-adjusted cash flow is based on U.S. Treasury yields appropriate for the expected terms of the promise to give. For the year ended June 30, 2026, discount rates ranging from 3.98% to 4.3% were used. For the year ended June 30, 2025, discount rates ranging from 3.68% to 3.98% were used. An allowance is made for uncollectible contributions receivable based upon the Foundation's analysis of past collection experience and other judgmental factors. The allowance captures the risk premium to bring the contributions receivable balance to a risk-adjusted expected cash flow.

Beneficial interest in non-trustee split-interest agreements: Deferred inflows of resources represent an acquisition of net position that applies to a future period. The Foundation classifies changes in irrevocable split-interest agreements (beneficial interest assets) as deferred inflows of resources. These amounts will be recognized as revenue upon the distribution or termination of the split-interest agreements.

Capital assets: Buildings, land, property and equipment are stated at cost, if purchased, and at acquisition value upon receipt, if acquired by gift. Upon retirement or disposition, the asset's carrying value and related accumulated depreciation are relieved and the resulting gain or loss is included in the statements of revenues, expenses and changes in net position. The Foundation transfers gifts and purchased property to the University for capitalization, asset management and insurance purposes.

**University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

The Foundation depreciates buildings and equipment on a straight-line basis over their estimated useful lives. Useful lives range from three to 20 years for equipment, 15 to 20 years for building improvements and 30 to 40 years for buildings. Land is not subject to depreciation.

Impairment of capital assets: The Foundation evaluates the recoverability of its land, buildings, equipment and other whenever adverse events or changes in the business climate indicate that the expected undiscounted future cash flows from the related asset may be less than the carrying value. If the net book value of the related asset exceeds the undiscounted future cash flows of the asset, the carrying amount would be reduced to the present value of its expected future cash flows and an impairment loss would be recognized. No such impairment was recorded for the years ended June 30, 2026 and 2025.

Leases: As a lessor, the Foundation recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. Lease receivable is reduced as payments are received, applying principal against receivable and interest to revenue based on the amortization schedule. Deferred inflow is recognized as revenue on a straight-line basis over the life of the lease term.

As a lessee, the Foundation recognizes lease expense based on the provisions of the lease agreement in the statements of revenues, expenses and changes in net position for leases with a maximum possible term of 12 months or less at commencement (short-term). For all other leases, the Foundation recognizes a lease liability and an intangible right to use leased asset in the statements of net position. At the commencement of a lease, the Foundation initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured at the amount of the lease liability and, as applicable, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

For both lessor and lessee arrangements, the Foundation uses its incremental borrowing rate to discount the expected lease payments to present value based on the terms of the leases. The Foundation monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease receivable, or lease liability, the receivable or liability is remeasured, and a corresponding adjustment is made to the deferred inflows of resources for leasing transactions. Similarly, a corresponding adjustment is made to the leased asset. The lease term includes the non-cancelable lease period, plus: 1) periods for which the Foundation has a unilateral option to extend and is reasonably certain to exercise such option, or 2) periods after an optional termination date if the Foundation is reasonably certain not to exercise the termination option.

Subscription-based information technology arrangement (SBITA) assets: SBITA assets include right-to-use software subscriptions of \$250,000, or more, and a term of more than 12 months. The right to use assets are initially measured at an amount equal to the related subscription liability, plus any payments made at or before commencement of the services and certain direct costs. The SBITA assets are amortized on a straight-line basis over the subscription term. The subscription term of the various SBITA assets ranges from three to five years.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

SBITA liabilities: SBITA liabilities are initially measured at the present value of subscription payments expected to be made during the subscription term, discounted to present value. The average discount rate used is 6.75% for 2026 and 7.5% for 2025, which is an average of the rates in effect at the date the SBITA is placed into service.

Deferred inflows of resources from leases and split-interest agreements: Deferred inflows of resources represent an acquisition of net position that applies to a future period. The Foundation classifies changes in leases and irrevocable split-interest agreements (remainder interest assets and beneficial interest assets) as deferred inflows of resources. These amounts will be recognized as revenue when lease payments are received, and upon the distribution or termination of the split-interest agreements.

Revenue recognition: Contributions of cash, investment securities or contributions receivable are recognized at fair value when all eligibility requirements have been met and are reported as increases in net position. Land, buildings and equipment donated to the Foundation are recorded at their acquisition values at the dates of donation. These amounts are also reflected within program service expenses on the accompanying statements of revenues, expenses and changes in net position for the transfer of the in-kind contributions to the University or maintained on the statements of net position as real estate held for resale when appropriate. Additions to endowments and other trusts are not recognized until the resources are received and all eligibility requirements have been met.

Functional expenses: Operating expenses that can be identified with a specific program, fundraising or administrative service are charged directly to the function. Certain other costs have been allocated among program, fundraising and administrative services benefited. Such allocations are determined by management on an equitable basis that is consistently applied. The expenses that are allocated based on time and effort include personnel costs. Employees of the University perform operating functions for the Foundation. The University tracks, administers and reports all payroll and fringe benefit costs. The contributed expenses are included in operating expenses, whereas the revenues are classified as a noncapital subsidy.

Subsequent events: The Foundation has evaluated subsequent events from the net position date through October 13, 2026, the date which the financial statements were available to be issued and determined there are no items to disclose.

During the fiscal year ended June 30, 2026, the Foundation adopted GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), and GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104).

GASB Statement No. 103 modified certain aspects of the financial reporting model, including Management's Discussion and Analysis (MD&A), presentation requirements for proprietary fund financial statements, and disclosures related to unusual or infrequent items. The adoption of this GASB resulted in certain financial statement presentation changes and did not impact previously reported net position or changes in net position. Balances as of and during the year ended June 30, 2025, have been reclassified in order to conform to the new presentation requirements.

GASB Statement No. 104 established new disclosure requirements for certain capital assets, including lease assets, SBITA assets, and other intangible assets, and requires additional disclosures for capital assets held for sale. The adoption of this GASB resulted in certain financial statement presentation changes, and did not impact previously reported net position or changes in net position.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

The Foundation has not yet adopted GASB Statement No. 105, *Subsequent Events*, which is effective for fiscal years beginning after June 15, 2026. Management is currently evaluating the impact of this Statement on the Foundation's financial statements and related disclosures, and does not anticipate a material impact from its adoption.

Note 2. Cash and Cash Equivalents

The amount recorded for cash and cash equivalents of the Foundation's deposits held in operating bank accounts was \$1,079,742 and \$1,906,402 at June 30, 2026 and 2025, respectively. Bank balances as of June 30, 2026 and 2025, totaled \$1,409,064 and \$2,352,278, respectively.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Foundation will not be able to recover deposits. The Foundation mitigates custodial credit risk by holding non-invested cash in a financial institution covered by the Federal Deposit Insurance Corporation. The Foundation monitors its exposure associated with cash and cash equivalents, and has not experienced any material losses in such accounts.

Note 3. Investments

Investments consist of the following at June 30:

	2026	2025
Short-term investments:		
Money market funds	\$ 50,069,540	\$ 40,235,602
Fixed income securities	101,626,622	81,486,609
Domestic securities	2,355,896	1,664,382
Total short-term investments for the reporting entity	154,052,058	123,386,593
Less Fiduciary Fund equity interest in pooled short-term investments	842,957	1,189,319
Total short-term pooled investments of the Foundation	153,209,101	122,197,274
Long-term investments:		
Money market funds	1,032,000	2,154,517
Fixed income	189,685,794	161,978,059
Stock investments:		
Domestic securities	296,415,339	270,606,712
International equities	158,594,806	171,393,502
Real asset equities	37,986,640	38,531,036
Partnership investments		
Private equity	111,133,923	66,730,973
Fixed income partnership	39,916,839	36,146,936
Real asset partnership	53,529,799	55,276,799
Total long-term investments for the reporting entity	888,295,140	802,818,534
Less Fiduciary Fund equity interest in pooled long-term investments	42,073,438	42,988,348
Total pooled investments of the Foundation	846,221,702	759,830,186
Total investments	1,042,347,198	926,205,127
Less Fiduciary Fund equity interest in total pooled investments	42,916,395	44,177,667
Total long-term pooled investments of the Foundation	\$ 999,430,803	\$ 882,027,460

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 3. Investments (Continued)

The Foundation's pooled investments reported on the statements of financial position are reduced by the equity interest of fiduciary funds managed by the Foundation. The Foundation measures amounts held on behalf of fiduciary funds at fair value on a recurring basis. The fair value of these underlying assets is held in short- and long-term investments presented in the above tables for the years ended June 30, 2026 and 2025. See fiduciary fund statements of net position for additional information.

The following schedule provides the components of the realized and unrealized gains and losses on investments, net are as follows at June 30:

	2026	2025
Net realized gains on investments	\$ 45,849,027	\$ 78,793,102
Net unrealized gains (losses) investments	52,376,024	(8,934,537)
Total realized and unrealized gains on investments, net for the reporting entity	98,225,051	69,858,565
Less realized gains on investments for fiduciary funds	(2,256,271)	(4,950,721)
Less unrealized (gains) losses on investments for fiduciary funds	(2,710,871)	836,804
Total realized and unrealized gains on investments, net for the Foundation	\$ 93,257,909	\$ 65,744,648

Investment risk factors: There are many factors that can affect the value of investments. In addition to market risk, credit risk, custodial credit risk, concentration of credit risk and interest rate risk may affect both equity and fixed-income securities. Equity securities are affected by such factors as economic conditions, individual company earnings performance and market liquidity, while fixed-income securities are particularly sensitive to credit risk, inflation and changes in interest rates.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. To mitigate custodial credit risk, the Foundation requires that all securities in separately managed accounts be held, in the Foundation's name, by a well-capitalized and financially secure third-party custodian bank. The Foundation monitors the financial viability of its custodian bank on a regular basis.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation's investment policy mitigates credit risk by targeting higher credit ratings when possible.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 3. Investments (Continued)

The following schedule represents the ratings of the Foundation's debt-type investments as of June 30, 2026, using nationally recognized statistical ratings quality organizations:

Credit Rating	Domestic Fixed Income	International Fixed Income	Total Debt Securities
AAA	\$ 33,681,981	\$ 2,920,888	\$ 36,602,869
AA	63,133,590	219,410	63,353,000
A	16,079,990	4,533,587	20,613,577
BBB	28,183,603	21,675,632	49,859,235
BB	38,061,861	18,100,810	56,162,671
B	24,533,003	3,504,330	28,037,333
Less than B rated	8,415,344	(1,931,249)	6,484,095
Not rated	68,302,042	1,814,433	70,116,475
Total fixed income investments	<u>\$280,391,414</u>	<u>\$ 50,837,841</u>	<u>\$ 331,229,255</u>

The following schedule represents the ratings of the Foundation's debt-type investments as of June 30, 2025, using nationally recognized statistical ratings quality organizations:

Credit Rating	Domestic Fixed Income	International Fixed Income	Total Debt Securities
AAA	\$ 36,826,415	\$ 5,817,255	\$ 42,643,670
AA	47,431,572	299,463	47,731,035
A	13,614,535	3,088,706	16,703,241
BBB	22,886,815	19,896,086	42,782,901
BB	22,078,777	17,046,040	39,124,817
B	20,192,195	3,753,625	23,945,820
Less than B rated	5,976,489	227,398	6,203,887
Not rated	59,613,055	863,178	60,476,233
Total fixed income investments	<u>\$228,619,853</u>	<u>\$ 50,991,751</u>	<u>\$ 279,611,604</u>

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's investment policy requires diversification in its asset allocation sufficient to reduce the potential of a single security, single sector of securities or single investment manager having a disproportionate or significant impact on the portfolio. The Foundation's investment policy mitigates this risk by limiting single issuer concentration (excluding U.S. government and agencies) to no more than 5% of the value of the fixed income composite. As such, there were no single issuer (excluding U.S. governments and agencies) greater than 5% of the value of the fixed income composite for the year ended June 30, 2026 and 2025.

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment, and is measured by duration. The Foundation mitigates interest rate risk by allocating to shorter duration strategies in its operating pool, as stipulated by the investment policy. The endowment investment policy requires that duration remain within 1.5 years relative to the asset class benchmark.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 3. Investments (Continued)

The effective duration (in years) of the Foundation's fixed-income securities at June 30, 2026, is as follows:

Average Duration	Domestic Fixed Income	International Fixed Income	2026 Fair Value
Less than one year	\$ 189,176,855	\$ 11,354,439	\$ 200,531,294
One to five years	91,214,559	39,483,402	130,697,961
	<u>\$ 280,391,414</u>	<u>\$ 50,837,841</u>	<u>\$ 331,229,255</u>

The effective duration (in years) of the Foundation's fixed-income securities at June 30, 2025, is as follows:

Average Duration	Domestic Fixed Income	International Fixed Income	2025 Fair Value
Less than one year	\$ 162,595,602	\$ 14,648,734	\$ 177,244,336
One to five years	66,024,251	36,343,017	102,367,268
	<u>\$ 228,619,853</u>	<u>\$ 50,991,751</u>	<u>\$ 279,611,604</u>

Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment's fair value. As of June 30, 2026 and 2025, the Foundation did not have any direct investments in equity or fixed income investments subject to this risk. As of June 30, 2026 and 2025, the Foundation's assets were held in U.S. currency; the currency risk on international and global assets is reflected in investment performance.

Alternative investments consist of marketable alternatives (hedge funds, including absolute return and long/short equity strategies), limited partnerships, private equity, venture capital and private real estate funds. Alternative investments include ownership interests in a wide variety of vehicles, including partnerships and corporations that may be domiciled in the United States or offshore. The underlying investments may be leveraged to enhance the total investment return and may include financial assets such as marketable securities, nonmarketable securities, derivatives and other synthetic and structured instruments, as well as tangible and intangible assets. Generally, these alternative investments do not have a ready market and ownership interests in these investment vehicles may not be traded without the approval of the general partner or fund management. These investments are subject to the risk generally associated with equities and fixed-income instruments, with additional risks to leverage and the lack of a ready market for acquisition or disposition of ownership interests. The investment risk of these investments without readily determinable values with respect to each underlying investment will be limited to the capital committed to it by the Foundation. The carrying value of alternative investments was \$204,580,561 and \$155,474,553 as of June 30, 2026 and 2025, respectively, which is reflected in investments in the accompanying statements of net position.

The following table presents the assets measured at fair value on a recurring basis on the statements of net position for the years ended June 30, 2026 and 2025, by the valuation hierarchy (as described above). Investments calculated using a NAV per share are listed separately for reconciliation to the balances on the statements of net position.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 3. Investments (Continued)

Description	Total	Fair Value Measurement at June 30, 2026			NAV
		Level 1	Level 2	Level 3	
Short-term investments:					
Money market funds	\$ 50,069,540	\$ 50,069,540	\$ -	\$ -	\$ -
Fixed income	101,626,622	101,626,622	-	-	-
Domestic equities	2,355,896	2,355,896	-	-	-
Total short-term investments	154,052,058	154,052,058	-	-	-
Long-term investments:					
Money market funds	1,032,000	1,032,000	-	-	-
Fixed income	189,685,794	8,438,372	-	-	181,247,422
Stock investments:					-
Domestic equities	296,415,339	105,340,501	-	-	191,074,838
International equities	158,594,806	-	-	-	158,594,806
Real asset equities	37,986,640	37,986,640	-	-	-
Partnership investments:					
Private equity	111,133,923	-	-	-	111,133,923
Fixed income	39,916,839	-	-	-	39,916,839
Real asset	53,529,799	-	-	-	53,529,799
Total long-term investments	888,295,140	152,797,513	-	-	735,497,627
Total investments	1,042,347,198	\$ 306,849,571	\$ -	\$ -	\$ 735,497,627
Fiduciary equity interest in total pooled investments	(42,916,395)				
Total pooled investments for the reporting entity	\$ 999,430,803				
Total beneficial interest assets	\$ 33,511,629	\$ -	\$ -	\$ 33,511,629	\$ -

Description	Total	Fair Value Measurement at June 30, 2025			NAV
		Level 1	Level 2	Level 3	
Short-term investments:					
Money market funds	\$ 40,235,602	\$ 40,235,602	\$ -	\$ -	\$ -
Fixed income	81,486,609	81,486,609	-	-	-
Domestic equities	1,664,382	1,664,382	-	-	-
Total short-term investments	123,386,593	123,386,593	-	-	-
Long-term investments:					
Money market funds	2,154,517	2,154,517	-	-	-
Fixed income	161,978,059	6,807,126	-	-	155,170,933
Stock investments:					
Domestic equities	270,606,712	121,759,914	-	-	148,846,798
International equities	171,393,502	-	-	-	171,393,502
Real asset equities	38,531,036	38,531,036	-	-	-
Partnership investments:					
Private equity	66,730,973	-	-	-	66,730,973
Fixed income	36,146,936	-	-	-	36,146,936
Real asset	55,276,799	-	-	-	55,276,799
Total long-term investments	802,818,534	169,252,593	-	-	633,565,941
Total investments	926,205,127	\$ 292,639,186	\$ -	\$ -	\$ 633,565,941
Fiduciary equity interest in total pooled investments	(44,177,667)				
Total pooled investments for the reporting entity	\$ 882,027,460				
Total beneficial interest assets	\$ 24,956,770	\$ -	\$ -	\$ 24,956,770	\$ -

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 3. Investments (Continued)

The following table discloses the nature and risks of investments that have a fair value based on the net asset value per share as reported by investment institutions where the funds are held at June 30:

- (a) This category includes investments in fixed income securities through a commingled fund structure. The investment manager's emphasis is on spread sectors, in particular puttable corporate bonds and commercial mortgage-backed securities. The fair value of the investments in this category has been estimated using NAV per share of the investments.
- (b) This category included investments in domestic and international equities through a commingled fund structure. The investment objective of these funds is to provide long-term total return in excess of their respective benchmarks. The fair value of the investments in this category has been estimated using NAV per share of the investments.
- (c) This category consists of private capital partnerships in fund of fund underlying managers. Investments include private equity, real estate and real assets that are not subject to redemption. The Foundation instead receives distributions through the liquidation of the underlying assets of the investees. Private partnerships typically operate for a term that exceeds 10 years.
- (d) This category consists of a high-yield bond portfolio in a commingled fund in which the manager holds publicly traded corporate bonds with some rated below investment grade. The fair value of the investments in this category has been estimated using NAV per share of the investments.

June 30, 2026	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed income ^(a)	\$ 181,247,422		Weekly	0-7 days
Stock investments ^(b) :				
Domestic equities	191,074,838		Daily/Monthly	2-30 days
International equities	158,594,806		Daily/Monthly	5-30 days
Partnership investments				
Private equity ^(c)	111,133,923	49,790,679	NA	NA
Fixed income ^(d)	39,916,839	24,806,841	Monthly	3-5 days
Real asset ^(c)	53,529,799	13,076,423	NA	NA
Total	<u>\$ 735,497,627</u>	<u>\$ 87,673,943</u>		
June 30, 2025	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed income ^(a)	\$ 155,170,933	\$ -	Weekly	0-7 days
Stock investments ^(b) :				
Domestic equities	148,846,798	-	Daily/Monthly	2-30 days
International equities	171,393,502	-	Daily/Monthly	5-30 days
Partnership investments				
Private equity ^(c)	66,730,973	38,664,188	NA	NA
Fixed income ^(d)	36,146,936	4,525,120	Monthly	3-5 days
Real asset ^(c)	55,276,799	7,533,463	NA	NA
Total	<u>\$ 633,565,941</u>	<u>\$ 50,722,771</u>		

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 4. Endowments

The state of Florida adopted Florida Statute 617.2104, Florida Uniform Management of Institutional Act (FUMIFA), which provides policy for administration related to investment of endowment funds and the ability to spend net appreciation. The Foundation authorizes expenditures for the uses and purposes for which endowment funds were established.

FUMIFA requires the Foundation Board of Directors (the Board) to use reasonable care, skill and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FUMIFA, the Foundation's Board may expend so much of an endowment fund as the Foundation's Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment.

In accordance with FUMIFA, the Foundation considers the following factors in making a determination to distribute or accumulate donor-restricted funds:

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Foundation and the University.
7. The investment policies of the Foundation.

As a result of this interpretation, the Foundation classifies as nonexpendable net position: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in restricted nonexpendable net position is classified as restricted expendable net position until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by FUMIFA.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Under this policy, as approved by the Foundation's Board, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs that will grow the endowment over the long-term while supporting the spending policy. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objective within prudent risk constraints.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 4. Endowments (Continued)

The Foundation has a spending policy with two components governing the distributions from the endowment: the administrative fee and the dividend payout. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of the long-term rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

The dividend payout rate on endowment invested amounts for years ended June 30, 2026 and 2025, was 4%. Annually, the Foundation's Board evaluates historical performance, projected returns and the needs of the University to determine the appropriate dividend payout rate. Dividends are calculated monthly and distributed quarterly to all funds invested in the endowment pool based on the five-year average market value of the endowment pool as of December 31 of the preceding fiscal year in which distribution is planned. During the years ended June 30, 2026 and 2025, the Foundation distributed \$30,370,407 and \$28,898,438, respectively, in endowment dividends. The dividends are made available to support the activities and programs of the University, its DSOs and component units, and are expended in accordance with donor-imposed restrictions.

The Foundation charged a 2% administrative fee on endowment invested amounts for the years ended June 30, 2026 and 2025. Annually, the Foundation's Board evaluates historical performance, projected returns and operating needs to determine the appropriate administrative fee. During the years ended June 30, 2026 and 2025, the Foundation collected \$14,374,882 and \$13,558,233, respectively, in administrative fees. These fees cover the cost of business office operating expenses that include accounting, auditing, taxes and other related business expenses; support for fundraising operations and management of the endowment.

The Foundation endowment consists of 1,713 individual funds established for a variety of purposes. The following displays the total ending endowment balances for nonexpendable endowments or donor-restricted endowments:

	2026	2025
Total Foundation endowment balance	\$ 801,786,391	\$ 722,838,408
Less appreciated portion of restricted expendable	(343,691,108)	(283,909,249)
Permanently restricted nonexpendable balance	<u>\$ 458,095,283</u>	<u>\$ 438,929,159</u>

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 5. Contributions Receivable, Net

Contributions receivable is expected to be realized in the following periods ended June 30:

	2026	2025
In one year or less	\$ 37,130,611	\$ 41,593,832
Between one and five years	51,758,382	48,638,760
Greater than five years	8,953,507	11,856,914
	97,842,500	102,089,506
Less present value discount 3.98% – 4.30%	(6,929,213)	(7,101,549)
Less allowance for uncollectible contributions	(15,082,472)	(10,142,248)
	<u>\$ 75,830,815</u>	<u>\$ 84,845,709</u>

Contributions receivable, net, is classified as follows at June 30:

	2026	2025
Current contributions receivable, net	\$ 22,343,054	\$ 31,941,666
Noncurrent contributions receivable, net	53,487,761	52,904,043
	<u>\$ 75,830,815</u>	<u>\$ 84,845,709</u>

Note 6. Works of Art and Capital Assets, Net

Capital assets consist of the following at June 30:

	June 30, 2025	Increase	Decrease	June 30, 2026
Land (non-depreciable)	\$ 6,620,414	\$ -	\$ -	\$ 6,620,414
Buildings, improvements, equipment and other:				
Property and equipment	5,361,206	-	-	5,361,206
Leased assets—Building	1,336,803	-	-	1,336,803
Right to use subscription assets	2,010,468	422,145	(28,446)	2,404,167
	<u>15,328,891</u>	<u>422,145</u>	<u>(28,446)</u>	<u>15,722,590</u>
Less accumulated depreciation and amortization:				
Buildings, improvements, equipment and other:				
Property and equipment	(1,731,259)	(118,799)	-	(1,850,058)
Leased assets—Building	(519,720)	(387,111)	-	(906,831)
Right to use subscription assets	(1,309,761)	(448,287)	28,446	(1,729,602)
	<u>(3,560,740)</u>	<u>(954,197)</u>	<u>28,446</u>	<u>(4,486,491)</u>
Total net capital assets	<u>\$ 11,768,151</u>	<u>\$ (532,052)</u>	<u>\$ -</u>	<u>\$ 11,236,099</u>
Works of art (non-depreciable)	<u>\$ 6,613,923</u>	<u>\$ 104,955</u>	<u>\$ (5,500)</u>	<u>\$ 6,713,378</u>

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 6. Works of Art and Capital Assets, Net Continued)

	June 30, 2024	Increase	Decrease	June 30, 2025
Land (non-depreciable)	\$ 6,620,414	\$ -	\$ -	\$ 6,620,414
Buildings, improvements, equipment and other:				
Property and equipment	5,361,206	-	-	5,361,206
Leased assets—Building	432,636	904,167	-	1,336,803
Right to use subscription assets	1,815,159	195,309	-	2,010,468
	<u>14,229,415</u>	<u>1,099,476</u>	<u>-</u>	<u>15,328,891</u>
Less accumulated depreciation and amortization:				
Buildings, improvements, equipment and other:				
Property and equipment	(1,612,460)	(118,799)	-	(1,731,259)
Leased assets—Building	(132,609)	(387,111)	-	(519,720)
Right-to-use subscription assets	(855,241)	(454,520)	-	(1,309,761)
	<u>(2,600,310)</u>	<u>(960,430)</u>	<u>-</u>	<u>(3,560,740)</u>
Total net capital assets	<u>\$ 11,629,105</u>	<u>\$ 139,046</u>	<u>\$ -</u>	<u>\$ 11,768,151</u>
Works of art (non-depreciable)	<u>\$ 6,418,098</u>	<u>\$ 195,825</u>	<u>\$ -</u>	<u>\$ 6,613,923</u>

The Foundation acquired a parcel of land located in St. Petersburg, Florida, adjacent to the USF St. Petersburg campus. The Foundation has entered into a lease agreement with the University for the use of the property by USF St. Petersburg. See Note 10 for information on the lease. The Foundation financed this property with a mortgage obligation. See Note 9 for information regarding the associated mortgage payable. Certain costs associated with the development and improvement of this property are incurred directly by the University. These amounts are transferred to the Foundation for capitalization. No such improvement costs were transferred or recorded for the years ended June 30, 2026 and 2025.

Depreciation expense of \$118,799 was included in operating expenses for program services for the years ended June 30, 2026 and 2025. Works of art are measured at acquisition value when gifted were \$6,713,378 and \$6,613,923 as of June 30, 2026 and 2025, respectively, and are included in the statements of net position.

Note 7. Due to/From the University of South Florida, Net

Due (to) from the University of South Florida consists of the following at June 30:

	2026	2025
USF Health Morsani College and Heart Institute loan	\$ 2,635,000	\$ 1,800,000
Supplemental and deferred compensation contracts	(486,250)	-
Convenience accounts and pending transfers	(2,719,897)	(2,455,278)
Courtelis Facilities Matching Gift Program	(314,685)	(314,685)
	<u>\$ (885,832)</u>	<u>\$ (969,963)</u>

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 7. Due to/from the University of South Florida, Net (Continued)

Due (to) from the University of South Florida, net, are classified as follows at June 30:

	2026	2025
Current assets due from USF, net	\$ 2,350,466	\$ 1,467,888
Noncurrent assets due from USF, net	435,000	700,000
Current liabilities due to USF, net	(3,356,613)	(2,823,166)
Noncurrent liabilities due to USF, net	(314,685)	(314,685)
	<u>\$ (885,832)</u>	<u>\$ (969,963)</u>

During fiscal year 2023, the Foundation entered into a Memorandum of Understanding (MOU) with the University in which the Foundation granted USF Health Morsani College of Medicine, a division of the University, a loan in an amount not to exceed \$5,500,000. The loan proceeds are to be used to finance the renovation and completion of the USF Health Morsani College of Medicine Heart Institute. Under the terms of the MOU, payments of principal shall be made annually, and interest payments shall be paid quarterly. All loan principal and interest accrued shall be repaid no later than June 30, 2028. Interest shall be calculated from the date of the first draw of the loan at a rate equal to the Prime rate, reset at the beginning of each calendar quarter subject to interest rate discounts as approved by the Foundation. Interest was received from the loan of \$95,470 and \$175,500 on June 30, 2026 and 2025, respectively. During the years ended June 30, 2026 and 2025, principal payments of \$0 and \$1,100,000, respectively, were received by the Foundation. Outstanding receivables on the loan are shown in due from the University of South Florida on the statements of net position.

The Foundation has entered into supplemental compensation agreements with certain University employees on behalf of the University. These agreements provide for amounts that would be paid in the event of involuntary termination without cause. The potential maximum amounts under these contracts range up to \$15,750,000, and may be reduced or eliminated based on a predetermined schedule or compensation earned during employment in addition to reductions for severance paid by USF and compensation from new employment. Based on conditions required in the agreements, the likelihood of these payments occurring is considered remote and will be recognized when due to the University. In addition, some of these agreements provide for deferred compensation amounts that will be earned at a future date or in the event of death, disability, or termination without cause. In some cases, the deferred compensation is earned on a pro-rated basis in the event of resignation or termination for cause. The amounts recorded within due to University of South Florida on the statements of net position to recognize the deferred compensation was \$486,250 and \$0 as of June 30, 2026 and 2025, respectively. The amounts recorded as program services on the statements of revenues, expenses and changes in net position to reflect the expense associated with the liability for deferred compensation was \$360,288 and \$200,500 for the years ended June 30, 2026 and 2025, respectively. The University has committed to support the funding of these agreements if there are not sufficient funds available to them in the Foundation at the time of payment. Any payments due under these agreements will be made by the Foundation to the University for them to process for their employees.

The Foundation has convenience accounts held at the University in which money is transferred to pay salaries and reimburse other expenses incurred by the University. The balances of these accounts reflect the difference between actual costs incurred and amounts transferred during the year netted with transfers pending at June 30.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 7. Due to/from the University of South Florida, Net (Continued)

The Courtelis Facilities Matching Gift Program liability represents private money raised to support the construction of the USF Health Major Renovation/Remodeling/Addition, USF Health North Clinic, USF Joint Military Science Leadership Center, USF Byrd Alzheimer's Institute, USF Health Nursing Expansion and the College of The Arts Music Building.

The Foundation certifies to the University and the State, on December 31 of each year, the amount of private money that has been raised and that is eligible to be matched under the program. During each annual legislative session, the legislature may appropriate funding or veto a project for matching. Once the appropriation has been made by the legislature, the Foundation is obligated to transfer the funds to the University to receive the match. During fiscal years 2026 and 2025, no appropriation was made by the legislature for the University projects eligible to receive matching funds from the program. The Courtelis Facilities Matching Gift Program has been temporarily suspended for donations received on or after June 30, 2011. Existing eligible donations received on or before June 29, 2011, remain eligible for future matching funds. The program may be restarted after \$200 million of the backlog for the state match programs have been funded.

Note 8. Liabilities to Life Beneficiaries

The Foundation is obligated under 26 charitable gift annuity agreements to pay annuities with rates ranging from 0.6% to 7.6% to life beneficiaries. These annuity obligations are calculated based on actuarial assumptions, using IRS tables, at their present value each year. During the years ended June 30, 2026 and 2025, there were payments of \$372,364 and \$233,488, respectively, made on annuities. Upon satisfaction of the terms of each trust, the trust assets shall be transferred to the Foundation per the donor's direction. The Foundation has recorded liabilities to life beneficiaries on the accompanying statements of net position equal to the present value of the total anticipated future payments to the beneficiaries of these trusts and annuities of \$2,012,907 and \$1,357,714 as of June 30, 2026 and 2025, respectively.

	June 30, 2025	New Obligations	Adjustments to Liability	Beneficiary Payments	June 30, 2026	Amount Due Within One Year
Liabilities to Life Beneficiaries	\$ 1,357,714	\$ 752,848	\$ 274,709	\$ (372,364)	\$ 2,012,907	\$ 372,364
	June 30, 2024	New Obligations	Adjustments to Liability	Beneficiary Payments	June 30, 2025	Amount Due Within One Year
Liabilities to Life Beneficiaries	\$ 1,437,126	\$ 14,103	\$ 139,973	\$ (233,488)	\$ 1,357,714	\$ 233,488

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 9. Mortgage Payable

The Foundation financed property adjacent to the USF St. Pete campus with a fully amortizing nonrecourse mortgage of \$6,200,000. The mortgage is collateralized by the property with a carrying value of \$6,200,000 (see Note 6) and future improvements made to the property. Payments of \$41,707 are due monthly over a 15-year period at a fixed rate of 2.625%.

	June 30, 2025	Increase	Decrease	June 30, 2026	Amount Due Within One Year
Mortgage payable	\$ 2,268,902	\$ -	\$ (446,266)	\$ 1,822,636	\$ 458,122

	June 30, 2024	Increase	Decrease	June 30, 2025	Amount Due Within One Year
Mortgage payable	\$ 2,703,618	\$ -	\$ (434,716)	\$ 2,268,902	\$ 446,266

Principal and interest requirements are as follows:

	Principal	Interest	Total
2027	\$ 458,122	\$ 42,359	\$ 500,481
2028	470,294	30,187	500,481
2029	482,789	17,692	500,481
2030	411,431	4,960	416,391
	<u>\$ 1,822,636</u>	<u>\$ 95,198</u>	<u>\$ 1,917,834</u>

Interest expense of \$54,215 and \$65,765 is included in program services expenses in the accompanying statements of revenue, expenses and changes in net position for the years ended June 30, 2026 and 2025, respectively.

The Foundation's mortgage of \$1,822,636 and \$2,268,902 as of June 30, 2026 and 2025, respectively, contains a provision that in the event of default any amounts advanced will be immediately due if the Foundation is unable to make payment in full when due. In addition, the Foundation may be liable to the lender for any and all insurance benefits or refunds that may be available on default.

Note 10. Leases and Subscription-Based IT Arrangements

On March 31, 2015, the Foundation, as a lessor, entered into an agreement with the University, the lessee, as the tenant related to property described in Note 6. The noncancelable lease agreement requires the University to make monthly lease payments of \$43,913 to the Foundation through March 30, 2032. The lease was measured with an interest rate of 2.625%, the Foundation's incremental borrowing rate of the leased property. During the year ended June 30, 2026, the Foundation received \$526,956 from the University, which includes \$446,826 in lease revenue and \$80,130 in lease interest income, which is included in other income and interest earnings, respectively, in the accompanying statement of revenues, expenses and change in net position. During the year ended June 30, 2025, the Foundation received \$526,956 from the University, which includes \$435,262 in lease revenue and \$91,694 in lease interest income, which is included in other income and interest earnings, respectively, in the accompanying statement of revenues, expenses and change in net position.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 10. Leases and Subscription-Based IT Arrangements (Continued)

During the year ended June 30, 2023, the Foundation entered into a lease for office space with the USF Research Foundation, Inc. with a term ending in December 2027.

The net present value of the Foundation's minimum future lease payments under this lease was discounted at 3.5% and is as follows for the years ending June 30:

	Principal	Interest	Total
2027	\$ 72,873	\$ 2,728	\$ 75,601
2028	37,970	389	38,359
	<u>\$ 110,843</u>	<u>\$ 3,117</u>	<u>\$ 113,960</u>

During the year ended June 30, 2025, the Foundation entered into a suite license agreement with a term ending June 30, 2027.

The net present value of the Foundation's minimum future lease payments under this lease was discounted at 7.5% and is as follows for the years ending June 30:

	Principal	Interest	Total
2027	\$ 320,102	\$ 28,156	\$ 348,258
	<u>\$ 320,102</u>	<u>\$ 28,156</u>	<u>\$ 348,258</u>

The Foundation's SBITA assets consist of amortization expense totaling \$419,841 and \$454,520, and is included in operating expenses on the accompanying statements of revenues, expenses and changes in net position for the years ended June 30, 2026 and 2025, respectively.

A summary of the principal and interest amounts for the remaining SBITA arrangements is as follows as of June 30:

	Principal	Interest	Total
2027	\$ 409,984	\$ 19,048	\$ 429,032
2028	140,515	6,898	147,413
	<u>\$ 550,499</u>	<u>\$ 25,946</u>	<u>\$ 576,445</u>

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 10. Leases and Subscription-Based IT Arrangements (Continued)

A summary of lease and SBITA activity is shown below:

	June 30, 2025	Increase	Decrease	June 30, 2026	Amount Due Within One Year
Lease liability	\$ 777,834	\$ 54,068	\$ (400,957)	\$ 430,945	\$ 392,975
Subscription liability	\$ 554,291	\$ 451,099	\$ (454,891)	\$ 550,499	\$ 409,984

	June 30, 2024	Increase	Decrease	June 30, 2025	Amount Due Within One Year
Lease liability	\$ 245,956	\$ 913,588	\$ (381,710)	\$ 777,834	\$ 352,804
Subscription liability	\$ 876,863	\$ 241,195	\$ (563,767)	\$ 554,291	\$ 298,904

Note 11. Related-Party Transactions

The Foundation considers the University, its DSOs and members of the Foundation's Board to be related parties for purposes of the financial statements. The DSOs include the USF Alumni Association, Inc., University Medical Services Association (UMSA), USF Medical Services Support Corporation, USF Health Professions Conferencing Corporation (HPCC), USF Research Foundation, Inc., USF Financing Corporation, Inc., USF Property Corporation, Inc., USF Management Corporation, USF Institute of Applied Engineering, Inc. and USF Intercollegiate Athletic Association, Inc.

Program services expenses on the accompanying statements of revenues, expenses and changes in net position include amounts transferred to related parties or amounts disbursed directly to third parties to benefit the University or its DSOs. These expenses include salaries, scholarships and other program-related expenses. Also, included in these expenses was property donated to or purchased by the Foundation, and transferred to the University for asset management and recordkeeping purposes.

Employees of the University perform operating functions for the Foundation. The University tracks, administers and reports all payroll and fringe benefit costs. The University directly funded salaries of \$24,184,007 and \$22,712,072 for University employees that perform functions for the benefit of both the University and the Foundation for the years ended June 30, 2026 and 2025, respectively. This amount is included in University support on the statements of revenues, expenses and changes in net position. The Foundation transferred additional payroll and fringe benefit costs to the University of \$2,661,352 and \$1,731,694 for the years ended June 30, 2026 and 2025, respectively. These amounts are shown on the statements of revenue, expenses and changes in net position in fundraising and operating costs.

The University recognized and reported a compensated absence liability of approximately \$3,042,776 and \$2,953,979 for University employees performing functions for the Foundation for the years ended June 30, 2026 and 2025, respectively. This amount is not included in the Foundation's statements of revenues, expenses and changes in net position.

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Notes to Financial Statements

Note 11. Related-Party Transactions (Continued)

Portions of the Foundation's contributions receivable balance (\$542,794 and \$258,232 at June 30, 2026 and 2025, respectively) are commitments made to the Foundation by several members of the Foundation's Board. In addition, the Foundation received \$2,077,150 and \$414,629 during the years ended June 30, 2026 and 2025, respectively, in cash and in-kind contributions from various members of the Foundation's Board. DSOs have made gifts to the Foundation of \$57,868 and \$89,726 for the years ended June 30, 2026 and 2025, respectively. These amounts are included in contributions on the accompanying statements of revenues, expenses and changes in net position.

The Foundation has interfund loans to support University colleges, units and regional campuses. Foundation interfund loans totaled approximately \$28,482,349 and \$29,801,877 at June 30, 2026 and 2025, respectively, and net to \$0 on the accompanying statements of net position.

Note 12. Retirement Plan

Foundation personnel are employees of the University and are eligible to enroll as members of the State administered Florida Retirement System (FRS). Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 605, Florida Administrative Code; wherein plan eligibility, contributions and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the FRS Investment Plan (Investment Plan).

Benefits of the Plan vest as of six years of service or eight years for new employees enrolled after July 1, 2011. All members are eligible for normal retirement benefits based on the plan definition of normal retirement date which is determined on the date they enrolled in the plan. The Plan also includes an early retirement provision but imposes a penalty for each year a member retires before the specified retirement age. The Plan provides retirement, disability and death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments, while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund, and accrue interest. Upon termination of employment, the participant receives the total DROP benefits and begins to receive previously determined retirement benefits.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)**

Notes to Financial Statements

Note 12. Retirement Plan (Continued)

Financial statements and other supplementary information of the FRS are included in the State's Annual Comprehensive Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, require supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement's Web site (www.frs.myflorida.com).

It has been determined that the Foundation is not a payor fund for the purposes of liquidating the pension liability due to the Foundation utilizing University employees. An actuarial valuation has been performed for the plan. The Foundation's employees were included in the actuarial analysis and are part of the total pension liability and net pension liability disclosed in the footnotes and required supplementary information of the University's Annual Report. The University does not determine a separate liability for the Foundation and as a result, there is no net pension liability recorded in these financial statements.

The cost of the defined benefit pension plan for the University's employees serving the Foundation is paid by the University and is recorded by the University as a subsidy and an operating expense.

Note 13. Other Postemployment Benefits

Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program, an agent multiple-employer defined-benefit plan (Plan). The University subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

A stand-alone report is not issued, and the Plan information is not included in the report of a public employee retirement system or another entity.

Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. Premiums necessary for funding the Plan each year on a pay-as-you-go basis are established by the Governor's recommended budget and the General Appropriations Act. The University provided required contributions toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses and reinsurance premiums.

It has been determined that the Foundation is not a payor fund for the purpose of liquidating the net OPEB liability. An actuarial valuation has been performed for the plan. The Foundation's employees were included in the actuarial analysis of the valuation of the OPEB Plan and are part of the OPEB disclosed in the footnotes and required supplementary information of the University's Annual Report. The University does not determine a separate liability for the Association employees and as a result, there is no OPEB cost, percentage of annual OPEB cost contributed to the Plan, or the net OPEB liability recorded in these financial statements.

**University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)**

Notes to Financial Statements

Note 14. Contingencies

The Foundation participates in state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of the grant agreements and applicable state regulations. Any disallowance resulting from a regulatory audit may become a liability of the Foundation. Liabilities, if any, from such audits, if any, are recorded when the amounts of such liabilities become reasonably determinable.

Supplementary Information

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Schedule of Functional Expenses
Year Ended June 30, 2026

	Program Service Support	Fundraising Support	Operating Costs	Total Expenses
Salaries and other supplements	\$ 36,778,512	\$ 15,344,351	\$ 11,664,781	\$ 63,787,644
Community relations	801,868	229,564	-	1,031,432
Travel and per diems	1,288,985	331,367	185,746	1,806,098
Meals and entertainment	3,334,461	536,399	178,168	4,049,028
Supplies and equipment	1,773,265	57,160	53,283	1,883,708
Scholarships and awards	13,468,452	-	-	13,468,452
Conferences and seminars	246,831	64,006	55,380	366,217
University services	5,488,327	-	196,540	5,684,867
Postage, printing and publication	489,129	342,043	38,500	869,672
Books and journals	193,476	6,912	70,979	271,367
Building repair and maintenance	282,313	-	109,970	392,283
Service and independent contractors	8,937,601	188,763	787,667	9,914,031
Insurance, licenses, taxes and assessments	51,300	-	309,398	360,698
Depreciation	118,799	-	-	118,799
Amortization	-	301,389	534,516	835,905
Other costs	953,839	14,350	551,738	1,519,927
Total	\$ 74,207,158	\$ 17,416,304	\$ 14,736,666	\$ 106,360,128

University of South Florida Foundation, Inc.
(A Component Unit of the University of South Florida)

Schedule of Functional Expenses
Year Ended June 30, 2025

	Program Service Support	Fundraising Support	Operating Costs	Total Expenses
Salaries and other supplements	\$ 32,330,987	\$ 14,713,845	\$ 9,849,909	\$ 56,894,741
Community relations	1,156,319	298,219	-	1,454,538
Travel and per diems	1,296,005	292,003	87,432	1,675,440
Meals and entertainment	2,185,161	467,499	225,604	2,878,264
Supplies and equipment	1,904,132	65,656	713,835	2,683,623
Scholarships and awards	12,881,743	-	-	12,881,743
Conferences and seminars	308,857	57,527	44,081	410,465
University services	3,250,398	-	375,233	3,625,631
Postage, printing and publication	469,556	470,868	10,271	950,695
Books and journals	91,141	5,543	3,421	100,105
Building repair and maintenance	615,061	-	101,484	716,545
Service and independent contractors	12,421,321	439,134	767,915	13,628,370
Insurance, licenses, taxes and assessments	52,242	293	288,693	341,228
Depreciation	118,799	-	-	118,799
Amortization	-	301,389	586,128	887,517
Other costs	1,241,459	117,972	277,798	1,637,229
Total	\$ 70,323,181	\$ 17,229,948	\$ 13,331,804	\$ 100,884,933

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of Directors and Management
University of South Florida Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the business-type activities and fiduciary activities of the University of South Florida Foundation, Inc. (Foundation), a discrete component unit of the University of South Florida, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 13, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM VS LLP

Tampa, Florida
October 13, 2026